

# **Small Business Subcontracting Plans**

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# Course Objectives



Purpose

Requirements

Subcontracting Plans

Reporting and Oversight

Best Practices

Questions and Answers

# **Purpose**

■ General policy of the government is to provide maximum opportunities (FAR 19.201)

- Small businesses,
- Veteran-owned small businesses,
- Service-disabled veteran-owned small business concerns,
- HUBZone small businesses,
- Small disadvantaged businesses, and
- Woman-owned small business concerns

■ The Small Business Subcontracting Plan encourages the development of increased subcontracting opportunities

# **Requirements**

- Small business concerns have the maximum opportunity to participate in contract performance consistent with efficient performance
- Ensure prime contractors establish procedures to ensure the timely payment of amounts due pursuant to the terms of their subcontracts with small business concerns

■ 52.21

## 9-8 – Utilization of Small Business Concerns

- Requires the prime contractors to follow the subcontracting policy set forth in FAR 19.7

■ 52.21

## 9-9 0 Small Business Subcontracting Plan

- Requirement and content of the plan
- Individual Subcontract Report (ISR)/Summary Subcontract Report (SSR) reporting requirements
- Record keeping requirements

■ 52.21

## 9-8 – Liquidated Damages – Subcontracting Plans

- When the contractor fails to make a good faith effort to comply with a subcontracting plan
- Amount of damages shall be equal to the actual dollar amount by which the contractor failed to achieve each subcontracting goal

■ 52.21

## 9-10 – Incentive Subcontracting Program

- Provides a monetary incentive to increase subcontracting opportunities to small business concerns



## ■ Appl

icability (FAR 19.702)

- Contracts or contract modifications > \$650,000 (\$1.5m for construction) that have subcontracting opportunities shall submit an ***acceptable*** subcontracting plan
- Exemptions per FAR 19.7
  - Small businesses
  - Personal services contracts
  - Contract performed outside the US
  - Modifications that do not contain the clause at FAR 52.219-8, Utilization of Small Business Concerns

Failure to comply (FAR 19.702)

- Material breach of contract
- Imposition of liquidated damages

# **Subcontracting Plans**

## ■ C

### Commercial Plan

- applies to the entire production of commercial items sold by either the entire company or a portion of the company, e.g., segment, division, etc.
- Covers the offeror's fiscal year

## ■ I

### Individual Contract Plan

- Applies to a specific contract
- Includes goals that are based on the offeror's planned subcontracting in support of a specific contract
- Covers the entire contract period, including all options periods

## Master Plan

- Excludes goals
  - Goals are developed for each specific plan
- May be incorporated into individual contract plans provided the master plan is approved
- Effective for 3 years

lements of the plan include (FAR 52.219-9)

- Separate percentage goals for using small business concerns
- A statement of total dollars planned to be subcontracted and a statement of the total dollars planned to be subcontracted to small business concerns
- Types of supplies and services to be subcontracted
- Method used to develop the subcontracting goals
- Method used to identify potential small business sources

lements of the plan include (FAR 52.219-9)

- Treatment of indirect costs
- Plan administrator's name and duties
- Efforts the offeror will make to ensure small business concerns have an equitable opportunity to compete for subcontracts

lements of the plan include (FAR 52.219-9)

- Assurances that the offeror will include the clause at 52.219-8, Utilization of Small Business Concerns in all subcontracts
  - That offer further subcontracting opportunities, and
  - That the offeror will require all subcontractors that receive subcontracts > \$650,000 (\$1.5m for construction) to comply with the Small Business Subcontracting Plan requirements at FAR 52.219-9
- Assurance that the offeror will
  - Cooperate in any studies or surveys required
  - Submit periodic reports to the government to determine the extent of compliance
  - Submit ISRs and SSRs



lements of the plan include (FAR 52.219-9)

- A description of the types of records that will be maintained concerning procedures that have been adopted to comply with the plan, including
  - Establishing source lists
  - A description of the offeror's efforts to locate small business concerns, e.g.
    - Conferences and trade shows
    - Maintaining records on each subcontract solicitation resulting in an award of >\$150,000
    - Organizations contacted in an attempt to locate sources that are small business concerns
    - Records of internal guidance to encourage buyers to subcontract to small business concerns through workshops, seminars, training

# **Reporting and Oversight**

## ■ Ele

ctronic Subcontracting Reporting System (eSRS)

- <http://www.esrs.gov>

## ■ Indi

vidual Subcontract Reports (ISR)

- Semi-annually for the periods ending 3/31 and 9/30
- Required for each contract within 30 days of contract completion
- Due 30 days after the close of each reporting period
- Required even if subcontracting activity is zero
- Print the report, have the CEO sign it and keep it on file

## ■ Summ

### ary Subcontract Reports (SSR)

- Semi-annually for the
  - 6 months ending 3/31, and
  - 12 months ending 9/30
- Reports are due 30 days after the close of each reporting period
- Print the report, have the CEO sign it and keep it on file

## ■ Subco

ntractors with subcontracting plans must also agree to submit the ISR and/or SSR using the eSRS

- Contracting Officer (CO) is responsible for reviewing the subcontract plan to determine if its acceptable based on the 11 elements of the plan
- The Administrative Contracting Officer (ACO) is responsible for
  - Monitoring,
  - Evaluating, and
  - Documenting contractor performance against the subcontracting plan
  - Assisting with the evaluation of the subcontracting plan

## II Business Administration

- Assist the CO and ACO in carrying out their responsibilities regarding the subcontracting plan
- Review solicitations > \$650,000 (\$1.5m for construction) before the solicitation is issued
- Review any contract requiring a subcontracting plan, including the plan itself, and submit recommendations to the PCO (advisory in nature only)
- Evaluate compliance with subcontracting plans

# **Best Practices**

- Appoint a small business advocate(s)
- Include opportunities for small business concerns in every procurement
- Establish an automated mechanism for tracking all Small Business Subcontracting Plans within the organization
- Supplier Information Forms
  - Send to vendors and track internally



## ■ Vendor Portals

- How to do business guides for small business suppliers
- FAQs
- Government terms and conditions
- Upcoming events

excellent records

- Outreach efforts
- Internal training
- Records to support subcontract award data

## ■ Maintain

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